

**NYANDENI LOCAL MUNICIPALITY**



**Final Annual Budget**

3 Year Plan: 2019/20 to 2022

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## 2. MAYOR'S REPORT

As we engross the five-year strategic planning, we continue to dream and live. It is the dream that, we have conceptualized into a vision that will continue to inform and guide our strategy, the ultimate state which we seek to realize. We do so knowing that our institution is a Local Municipality still imbued with suffering from most social ills confronting our society.

This IDP is guided by the vigorous consultative process where the people of Nyandeni have spoken. A point must be restated, that as a collective, (those who must pay and those who must collect) are not doing sufficiently in the area of revenue enhancement. Our planning is prefaced on the following challenges:

- Fundamental amongst these challenges is the scourge of unemployment characterized by dismal performance on the employment of both the skilled and semi-skilled in the area. The majority of our people, both skilled and unskilled migrate to other areas to seek employment opportunities.
- There is absolutely no investment on land and property development.
- There are serious financial leakages owing to the fact that the large scale of trade is conducted by people from outside Nyandeni.
- There is no congruence between infrastructural and economic development to enhance and cause major dent to poverty.
- The state of our bulk infrastructure is still below acceptable standards and far from the realisation of quality services over and above the massive efforts to provide access.
- We do not have facilities to house manufacturing, production and processing and thus seeing us having to import even the simplest of consumables.
- Our tourist destinations are not sufficiently marketed and developed, and further that there is not systematic tourist cosmos to complete the life of a tourist in the area.
- We still lack on enforcement of existing by-laws.
- The capacity of the finance department on the collections section

It is in this context that our efforts for this term will target achieving the following amongst our priorities and key interventions:

- Intensify crusade of clean towns
- Reinforce our capacity with EPWP to give opportunity to our youth.
- Youth cooperatives must be supported so that we can create work for the youth.
- Renewable Energy.
- Enforcement of existing by-laws.
- Intensify our interventions in the assistance of farmers to compliment the work of the Agrarian Reform Department.
- Provisioning of sufficient social amenities as an effort to provide access to services like Banking, post services, police stations, and community halls.

- Poor state of infrastructure, including roads and sewerage system. Vigour on the part of maintenance for better quality of services.
- Local Economic Development will be one of our key focal

This year as we mark the 100 years since the legend OR Tambo first saw the African sun. It is proper to draw inspiration from the wise words of this African stalwart:

*"We have...striven for seven decades to build one, common nationhood, with one destiny. Our shared experience of collective sacrifices in the struggle for a common goal has knit us together as one solid block of liberation. The comradeship that we have formed in the trenches of freedom, transcending the barriers that the enemy sought to create, is a guarantee and a precondition for our victory. But we need still to build on this achievement. All of us - workers, peasants, students, priests, chiefs, traders, teachers, civil servants, poets, writers, men, women and youth, black and white - must take our common destiny in our own hands."*

Below is the summarized **Revenue & Expenditure MTERF 2019/2020**

<b>REVENUE &amp; EXPENDITURE MTREF 2019/2020-2022</b>				
<b>DESCRIPTION</b>	<b>2018/2019</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>
Own Revenue	R 23,768,062	R 36,257,000	R 38,224,000	R 40,515,000
Transfer from Reserves	R 76,500,821	R 83,361,000	R 89,778,000	R 90,484,000
Transfer Grants - Operational	R 256,542,000	R 284,264,000	R 292,236,000	R 311,037,000
<b>TOTAL OPERATING REVENUE</b>	<b>R 356,810,883</b>	<b>R 403,882,000</b>	<b>R 420,238,000</b>	<b>R 442,036,000</b>
Transfer Grants - Capital	R 99,250,000	R 69,802,000	R 75,649,000	R 65,610,000
<b>TOTAL REVENUE</b>	<b>R 456,060,883</b>	<b>R 473,684,000</b>	<b>R 495,887,000</b>	<b>R 507,646,000</b>
Salaries & Wages	R 160,886,905	R 171,404,000	R 182,867,000	R 196,582,000
Contracted and operational costs	R 103,479,888	R 123,208,000	R 124,773,000	R 130,599,000
Repairs & Maintenance	R 15,273,887	R 18,566,000	R 19,884,000	R 21,375,000
Depreciation and Provisions for bad debts	R 57,651,453	R 51,564,000	R 60,724,000	R 64,804,000
Transfers and Grants	R0.00	R 7,285,000	R 8,746,000	R 9,402,000
Capital Expenditure and retention	R 118,768,750	R 101,657,000	R 98,893,000	R 84,884,000
<b>TOTAL EXPENDITURE</b>	<b>R 456,060,883</b>	<b>R 473,684,000</b>	<b>R 495,887,000</b>	<b>R 507,646,000</b>
<b>SURPLUS / (DEFICIT)</b>	<b>R 0</b>	<b>R 0</b>	<b>R 0</b>	<b>R 0</b>

### **3. BUDGET RELATED RESOLUTIONS**

#### **Final Annual Budget for 2019/20**

3.1 Council resolves that the multi-year final annual budget of capital and operating expenditure for 2019/2020 and the indicated two outer years of 2020/2021 and 2021/2022 which has been tabled for public scrutiny be approved as set out by the following amended tables:

- ❑ Table A1 Budget summary
- ❑ Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)
- ❑ Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)
- ❑ Table A4 : Budget financial performance (revenue and expenditure)
- ❑ Table A5 : Budgeted capital expenditure by vote and funding
- ❑ Table A6 : Budgeted financial position
- ❑ Table A7 : Budgeted cash flows
- ❑ Table A8 : Cash backed reserves / accumulate surplus reconciliation
- ❑ Table A9 : Asset management

#### **Multi Year Capital Budget**

3.2 Council resolves that multi-year capital appropriations by vote and associated funding reflected in Table A5 be approved.

#### **Property Rates and other Municipal Tax**

3.3. That, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2019 to 30 June 2020, provided that rebates, as indicated, on application be allowed:

## Tariffs and Charges

3.4 Council resolves that the following tariffs and charges be applied in 2019-20.

<b><u>CATEGORY</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>	<b><u>2021/2022</u></b>
<b><u>1.HALL HIRE CHARGES</u></b>			
Refundable security fee	R 901	R 955	R 1,012
Hourly rate Ngqeleni (Day)	R 78	R 83	R 88
Hourly rate Ngqeleni (Night)	R 78	R 83	R 88
Hourly rate Libode (Day)	R 90	R 96	R 101
Hourly rate Libode (Night)	R 78	R 83	R 88
<b><u>2. POUND FEES</u></b>			
Driving fee	R 68	R 72	R 76
Daily fee	R 101	R 107	R 113
Cattle, horse basic charge	R 246	R 261	R 276
Sheep & Goat basic charge	R 123	R 130	R 138
<b><u>5. REFUSE REMOVAL</u></b>			
Residential	R 39	R 42	R 44
General business	R 179	R 190	R 201
Commercial	R 471	R 499	R 529
Government	R 169	R 179	R 189
Special collection	388	411	436
<b><u>6. CEMETERY</u></b>			
Living in town	R 347	R 367	R 389
Outside town	R 493	R 522	R 554
<b><u>7. TENDER FEES</u></b>			
R50 000.00-R200 000.0	R 258	R 273	R 289
R200 000.00-R500 000.00	R 336	R 356	R 378
R500 000.00-R800 000.00	R 425	R 451	R 478
R800 000.00-R1000 000.00 Or More	R 504	R 534	R 566

<b><u>CATEGORY</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>	<b><u>2021/2022</u></b>
<b><u>8. BUSINESS LICENCE</u></b>			
Supermarket & General Dealer	R 795	R 843	R 893
Hawker	R 135	R 143	R 151
Caravan (Restaurant& Telephone) p/y	R 135	R 143	R 151
Salon (p/y)	R 135	R 143	R 151
Funeral Parlor (p/y)	R 795	R 843	R 893
Hardware (p/y)	R 795	R 843	R 893
Accommodation establishment	R 571	R 606	R 642
<b><u>9. MARKET SITE</u></b>			
Hawkers (p/m)	R 34	R 36	R 38
Caravan Site(p/m)	R 78	R 83	R 88
<b><u>10. CHAIR HIRE</u></b>			
Around town (chair per day)	R 8	R 9	R 10
Indemnity fee (per chair)	R 22	R 24	R 25
<b><u>11. Application for special consent</u></b>			
Erven 0-2500m2	R 1,512	R 1,602	R 1,698
Erven 2501-5000m2	R 3,134	R 3,322	R 3,522
Erven5001-1000m2	R 6,829	R 7,238	R 7,673
Erven 1 ha – 5ha	R 9,179	R 9,729	R 10,313
Erven over 5ha	R 12,425	R 13,171	R 13,961
<b><u>12. Application Fees for rezoning</u></b>			
Erven from 0sqm-2500sqm	R 1,903	R 2,017	R 2,138
Erven from 2501sqm-5000sqm	R 3,582	R 3,797	R 4,024
Erven from 5001sqm- 10000sqm	R 7,163	R 7,593	R 8,049
Erven from 1 ha - 5ha	R 9,067	R 9,611	R 10,188
Erven over 5 ha	R 12,537	R 13,289	R 14,086



<b><u>CATEGORY</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>	<b><u>2021/2022</u></b>
<b><u>13. Subdivision and Township Application</u></b>			
<input type="checkbox"/> Erven 1-2	R 1,903	R 2,017	R 2,138
<input type="checkbox"/> Erven 1-3	R 2,575	R 2,729	R 2,893
<input type="checkbox"/> Erven 1-4	R 3,134	R 3,322	R 3,522
<input type="checkbox"/> Erven 1-5	R 3,805	R 4,034	R 4,276
<input type="checkbox"/> Erven 1-6	R 4,590	R 4,865	R 5,157
<input type="checkbox"/> Erven 1-7	R 5,037	R 5,339	R 5,660
<input type="checkbox"/> Erven 1-8	R 5,820	R 6,170	R 6,540
<input type="checkbox"/> Erven 1-9	R 6,380	R 6,763	R 7,169
<input type="checkbox"/> Erven 1-10	R 6,940	R 7,356	R 7,798
<input type="checkbox"/> Erven more than 10	R 9,515	R 10,085	R 10,691
<b><u>14. Application for departure from building lines</u></b>			
Erven 0 – 5000m2	R 1,232	R 1,306	R 1,384
Erven 5001 –more	R 1,791	R 1,899	R 2,013
Application for Removal of Restrictions	R 8,843	R 9,373	R 9,935
Zoning Certificates	R 135	R 143	R 151
Extension of time	R 459	R 487	R 516
Town Planning Scheme CD	R 246	R 261	R 276
Amendments to Existing subdivision	R 1,903	R 2,017	R 2,138
Application for consolidation of Erven	R 1,903	R 2,017	R 2,138
SG Diagram	R 45	R 47	R 50
<b><u>15. Building plans</u></b>			
Building Approval Fees per m2	R 34	R 36	R 38
A3	R 14	R 15	R 15
A2	R 19	R 20	R 21
A1	R 32	R 34	R 36
Approval fee for minor works(0-10m2):	R 19	R 20	R 21

<b><u>CATEGORY</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>	<b><u>2021/2022</u></b>
External alteration per m2	R 15	R 16	R 17
Boundary walls	R 672	R 712	R 755
Shelter: Carport per m2	R 20	R 21	R 23
Car wash per m2	R 15	R 16	R 17
Braai area per m2	R 20	R 21	R 23
Temporary structure:	R 20	R 21	R 23
Prefab per m2	R 20	R 21	R 23
Container p.a	R 1,343	R 1,424	R 1,509
Caravans per p.a.	R 672	R 712	R 755
Storage Facility p.a.	R 1,343	R 1,424	R 1,509
Builders Shelter p.a.	R 672	R 712	R 755
<b><u>16. Libode eco park</u></b>			
Entrance fee per person	R 11	R 11	R 12
Company events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1,590	R 1,685	R 1,787
Church events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1,272	R 1,348	R 1,429
Entertainment shows per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 2,120	R 2,247	R 2,382
Educational tours per day	R 318	R 337	R 357

<b><u>CATEGORY</u></b>	<b><u>2019/2020</u></b>	<b><u>2020/2021</u></b>	<b><u>2021/2022</u></b>
Photoshoot per day	R 265	R 281	R 298
Toilet entrance fees	R 2	R 2	R 2
<b><u>17. Property rates</u></b>			
Residential Property	R 0.0087	R 0.0092	R 0.0098
Businesses	R 0.0129	R 0.0137	R 0.0145
Government1	R 0.0129	R 0.0137	R 0.0145
government2	R 0.0129	R 0.0137	R 0.0145
Agriculture1	R 0.0021	R 0.0022	R 0.0024
Agriculture2	R 0.0021	R 0.0022	R 0.0024
Institutions	R 0.0129	R 0.0137	R 0.0145
Clinics	R 0.0129	R 0.0137	R 0.0145
Hospital	R 0.0129	R 0.0137	R 0.0145
Schools	R 0.0129	R 0.0137	R 0.0145
Trading Stations	R 0.0129	R 0.0137	R 0.0145
R 61 Road	R 0.0021	R 0.0022	R 0.0024
N2 Road	R 0.0021	R 0.0022	R 0.0024
<b><u>18. Rates and services clearance certificate</u></b>			
Rates and refuse clearance certificate	R 74	R 79	R 83
<b><u>19. Sports field</u></b>			
Commercial & Professional use per day	R 742	R 787	R 834
Amateur bodies, welfare and religious organizations per day	R 424	R 449	R 476
Professional practice per day	R 954	R 1,011	R 1,072
Amateur practice per day	R 424	R 449	R 476
Special letting – music concerts/festival flairs etc	R 1,802	R 1,910	R 2,025

### **Measurable Performance Objectives**

3.5 Council resolves that the measurable performance objectives for revenue from each source and for each vote reflect the budget.

### **Integrated Development Plan**

3.6 Council resolves to approve the implementation of the Integrated Development Plan.

### **Budget Related Policies**

3.7 Council resolves that the following budget related policies be approved

- ☐ Supply Chain Management
- ☐ Asset Management
- ☐ Credit Control and Debt Collection
- ☐ Budget and IDP Policy
- ☐ Bad debts write off
- ☐ Rates policy
- ☐ Tariff policy
- ☐ Banking and investment policy
- ☐ Indigent Policy
- ☐ Expenditure management policy
- ☐ Debt Write off policy

### **Cashflow**

3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Equitable share, Integrated National Electrification Programme, Finance Management Grant, Expanded Public Works Programme Incentive Grant, Small Towns Revitalisation Programme grant and Municipal Infrastructure Grant.

## 4. THE BUDGET

This section contains an Executive Summary of the annual budget, highlighting the processes and assumptions, which lead to the compilation of the annual budget.

### 4.1 Executive Summary

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 16 (1) and (2) of the Municipal Finance Management Act no 56 of 2003:

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for the municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

- (a) must be approved before the start of the budget year;
- (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
- (c) must be approved together with the adoption of resolutions as may be necessary –
  - (i) imposing any municipal tax for the budget year;
  - (ii) setting any municipal tariffs for the budget year;
  - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
  - (iv) approving any changes to the municipality’s integrated development plan; and
  - (v) approving any changes to the municipality’s budget-related policies.”

The application of sound financial management principles for the compilation of the NLM’s financial plan is essential and critical to ensure that the NLM remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities

The NLM’s business and service delivery priorities were reviewed as part of this year’s planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The following budget principles and guidelines directly informed the compilation of the 2019/20 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate considerations should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

National Treasury's MFMA Circular No. 66, 67, 70, 72, 74, 75, 78, 79, 82, 85, 86, 93 and 94 were used to guide the compilation of the 2019/20 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

**TABLE 1: CONSOLIDATED OVERVIEW OF 2019/20 MTREF**

Description	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2018/19	2019/20	2020/21	2021/2022
Total Operating Revenue	356,810,883	403,882,000	420,237,000	442,037,000
Total Operating Expenditure	-337,292,133	-372,027,000	-396,994,000	-422,763,000
Capital grant	99,250,000	69,802,000	75,649,000	65,610,000
Capital expenditure & retention	-118,768,750	-101,657,000	-98,893,000	-84,884,000
<b>SURPLUS/DEFICIT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Total operating revenue is R403, 882,000 for the 2019/20 financial year. For the two outer years, operational revenue will increase to R420, 237,000, and R442, 037,000 respectively.

Total operating expenditure for the 2019/20 financial year has been appropriated at R372, 027,000 and for the two outer years, will increase to R396, 994,000 and R422, 763,000 respectively. Depreciation and provision for bad debts, which are non-cash items have been budgeted for, and these have been funded through transfer from the municipal reserves.

The capital grants for 2019/20 has been appropriated at R69 802,000 for two outer years at R75, 649,000 and R65,610,000 respectively

Capital expenditure is budgeted for 2019/20 at R101 657 000 and for two outer year at R98 893 000 and R84 884 000 respectively (including retention)

This translates into a balanced budget with no surplus or deficit for the MTREF.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

## 4.2 OPERATING REVENUE FRAMEWORK

The NLM will be implementing its Integrated Revenue Enhancement Strategy which is built around the following key components

- National Treasury's guidelines and macroeconomic policy;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the NLM.
- Implementation of its Credit Control and Debt Collection policy and by-laws
- 

The following table is a summary of the 2019/20 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC155 Nyandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

LC-155 Ryandeni - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
<b>Revenue By Source</b>											
Property rates	2	5,605	5,726	5,732	7,405	10,911	10,911	10,911	14,844	15,844	16,794
Service charges - electricity revenue	2	-	-	-	2,291	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	200	202	229	227	227	227	277	215	254	268
Rental of facilities and equipment		61	60	63	45	45	45	-	67	71	75
Interest earned - external investments		7,231	8,198	12,519	8,300	10,300	10,300	-	12,371	13,114	13,900
Interest earned - outstanding debtors		204	1,163	975	1,293	1,293	1,293	-	1,371	1,453	1,540
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		76	241	572	430	430	430	-	456	483	512
Licences and permits		2,357	3,284	2,961	4,356	4,356	4,356	-	4,617	4,894	5,188
Agency services		235	362	731	426	426	426	-	775	478	507
Transfers and subsidies		245,981	232,507	249,829	259,523	259,773	259,773	-	284,264	292,236	311,037
Other revenue	2	12,295	10,574	5,136	710	710	710	710	1,541	1,633	1,731
Gains on disposal of PPE		-	-	-	76,801	89,921	89,921	-	83,361	89,778	90,484
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>274,246</b>	<b>262,317</b>	<b>278,747</b>	<b>361,805</b>	<b>378,391</b>	<b>378,391</b>	<b>11,897</b>	<b>403,882</b>	<b>420,237</b>	<b>442,037</b>

The Municipality implemented a new General Valuation roll from 1 July 2018. The new General Valuation roll will be valid for a period of 5 years and it will be updated with supplementary valuation rolls each year as per the requirements of Municipal Property Rates Act. Upon implementing the Municipal Property Rates Act, the municipality has a Tariff Policy. The tariff policy has considered the rebates for some of customers that may be regarded as indigent.

**Property Rates:** The adjusted budget in 2018/19 increased from R7,4 million to R10,9 million due to the fact that there were government properties that were not billed because they were not yet surveyed. Comparing 2018/19 with 2019/20 there is an increase from R10,9 million to R14,8 million because the municipality in 2018/19 started the process of land use management scheme so therefore, there will be properties that will change the zoning. In 2020/21 property rates increased by 6%

# TABLE 4: Transfers and Grants Receipts

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		245,499	230,206	244,334	258,723	258,723	258,723	283,141	291,218	309,971
Local Government Equitable Share		216,750	213,070	223,248	234,532	234,532	234,532	262,068	277,790	295,066
Finance Management		1,600	1,625	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Integrated National Electrification Programme		25,000	11,250	15,000	18,189	18,189	18,189	15,010	8,517	9,752
EPWP Incentive		1,219	3,261	1,291	1,321	1,321	1,321	1,321		
Municipal Systems Improvement		930								
MIG Operational & COGTA			1,000	3,095	2,981	2,981	2,981	3,042	3,211	3,453
<b>Provincial Government:</b>		300	400	400	400	650	650	700	700	729
Sport and Recreation		300	400	400	400	650	650	700	700	729
MIG Operational & COGTA										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		1,800	1,901	6,084	400	400	400	300	318	337
LGSETA					400	400	400	300	318	337
DEDEA		1,800	1,901	6,084						
<b>Total Operating Transfers and Grants</b>	5	247,599	232,507	250,818	259,523	259,773	259,773	284,141	292,236	311,037
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		58,809	58,050	58,799	56,644	65,644	65,644	57,802	61,003	65,610
Municipal Infrastructure Grant (MIG)		58,809	58,050	58,799	56,644	65,644	65,644	57,802	61,003	65,610
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	27,919	39,625	39,625	39,625	12,000	14,646	-
Small Town Revitalisation				27,919	39,625	39,625	39,625	12,000	14,646	
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
OR Tambo District Municipality										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
LGSETA										
<b>Total Capital Transfers and Grants</b>	5	58,809	58,050	86,718	96,269	105,269	105,269	69,802	75,649	65,610
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		306,408	290,557	337,536	355,792	365,042	365,042	353,943	367,885	376,647

In 2019/20 financial year, the operational grants show an amount of R284 141 000. For the two outer years, the operational grants have increased to R292 236 000, and R311 037 066 000 respectively.

Table 5 Proposed rates to be levied for the 2019/20 financial year



## **RATES TARRIF**

### **DETERMINATION OF TARIF AS PER CATERGORY AS FROM 1 JULY 2019-30 JUNE 2020**

<b><u>Property rates for 2019/20</u></b>			
Residential Property	R 0.0087	R 0.0092	R 0.0098
Businesses	R 0.0129	R 0.0137	R 0.0145
Government1	R 0.0129	R 0.0137	R 0.0145
government2	R 0.0129	R 0.0137	R 0.0145
Agriculture1	R 0.0021	R 0.0022	R 0.0024
Agriculture2	R 0.0021	R 0.0022	R 0.0024
Institutions	R 0.0129	R 0.0137	R 0.0145
Clinics	R 0.0129	R 0.0137	R 0.0145
Hospital	R 0.0129	R 0.0137	R 0.0145
Schools	R 0.0129	R 0.0137	R 0.0145
Trading Stations	R 0.0129	R 0.0137	R 0.0145
R 61 Road	R 0.0021	R 0.0022	R 0.0024
N2 Road	R 0.0021	R 0.0022	R 0.0024

## **4.3 OPERATING EXPENDITURE FRAMEWORK**

The NLM's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.
- Also, there is a new reform i.e. MSCOA, which indicates that each line item, for each to be budgeted, such a project should be in the Integrated Development Plan.

The following table is a high level summary of the 2019/20 budget and MTREF (classified per main type of operating expenditure):

Expenditure By Type											
Employee related costs	2	105,285	115,470	130,174	136,962	136,962	136,962	136,962	146,798	156,514	168,253
Remuneration of councillors		17,001	18,411	21,880	23,061	23,061	23,061	–	24,606	26,353	28,329
Debt impairment	3	5,135	1,604	2,299	3,171	3,171	3,171	–	3,361	3,563	3,777
Depreciation & asset impairment	2	31,807	35,084	40,945	54,480	54,480	54,480	54,480	51,564	60,724	64,804
Finance charges		161	131	130	–	–	–	–	–	–	–
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	4,964	2,094	3,025	10,615	11,841	11,841	–	13,726	14,574	15,606
Contracted services		–	27,901	38,504	52,309	64,525	64,525	64,525	67,237	63,743	67,364
Transfers and subsidies		–	4,257	2,612	8,276	6,882	6,882	–	7,285	8,746	9,402
Other expenditure	4, 5	87,667	38,362	46,228	47,941	52,467	52,467	52,467	57,449	62,777	65,228
Loss on disposal of PPE		3,253	3,656	499	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>255,273</b>	<b>246,970</b>	<b>286,297</b>	<b>336,814</b>	<b>353,389</b>	<b>353,389</b>	<b>308,434</b>	<b>372,027</b>	<b>396,994</b>	<b>422,763</b>

### (i) Employee Related Costs

The three-year Salary and Wage Collective Agreement for the period 1 July 2018 to 30 June 2021 was used for the calculation of the budgeted employee cost.

The increment of salaries was estimated at 6.78% for the 2019/20 financial year as well as the two outer years as per the salary and wage collective agreement.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the NLM's budget.

The overall amount of the Salaries and Wages is R171 404 000, and for two outer years, its R182 867 000 and R196 582 000 respectively.

### (ii) Depreciation,:

Depreciation has been provided for at R51,5 million in 2019/20, R60,7 million in 2020/21 and R64,8 million in 2021/22. The reason why depreciation decreased in 2019/20 financial year comparing with 2018/19 is because the calculation of the depreciation has been revised to be based on the audited figures of 2017/18 and 20% of 2019/20 additions.

### (iii) Transfers & Grants:

An amount of R7,2 million has been provided for free basic services in the form of Eskom coupons , alternative energy, food parcels and vegetable seeds for HIV/AIDS support groups.

### (iv) Materials and Other Bulk Purchases:

This includes the materials and supplies for repairs and maintenance, fuel and inventory additions. An amount of R13,7 million is budgeted for in 2019-20 and for the two outer year it is budgeted at R14,5 million and R15,6 million respectively.

### (v) Contracted Services & Other expenditures

The overall amount has been provided for at R128 million in 2019-20, and for the outer years, it is budgeted at R130 million and R136 million.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2019/20 financial year.

#### **PERCENTAGE ALLOCATION FOR 2019/2020 FINANCIAL YEAR.**

<b>EXPENDITURE ITEM</b>	<b>EXPENDITURE PERCENTAGE %</b>
Personnel expenditure	46%
General expenditure	34%
Repairs and Maintenance	6%
Provisions	15%
<b>TOTAL %</b>	<b>100 %</b>

#### **4.4 CAPITAL EXPENDITURE**

When comparing the previous budget of R130 270 000 to the current year budget of R86 182 000(excluding retentions amounting to R15 475 000, there is a decrease of R28,5 million which is caused by the decrease of Small Town Revitalisation grant and MIG . For the two outer years the capital expenditure budget is R94,1 million and R75,5 million respectively.

<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		6,444	10,133	8,552	10,600	10,653	10,653	–	14,430	7,891	2,809
Executive and council		735	–	1,100	–	–	–	–	–	–	–
Finance and administration		5,708	2,491	7,452	10,600	10,653	10,653	–	14,430	7,891	2,809
Internal audit		–	7,642	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		9,239	–	8,683	100	309	309	–	–	–	–
Community and social services		9,239	–	8,683	–	106	106	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	100	203	203	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		69,115	69,251	70,772	91,754	101,793	101,793	–	66,782	84,978	72,783
Planning and development		–	–	–	–	–	–	–	950	643	691
Road transport		69,115	69,251	70,772	91,754	101,793	101,793	–	65,802	84,336	72,092
Environmental protection		–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		–	259	–	16,515	17,515	17,515	–	5,000	1,305	–
Energy sources		–	–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		–	259	–	16,515	17,515	17,515	–	5,000	1,305	–
<b>Other</b>		–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	3	84,798	79,643	88,008	118,969	130,270	130,270	–	86,182	94,174	75,592
<b>Funded by:</b>											
National Government		58,809	58,050	48,398	56,644	64,683	64,683	–	44,002	56,285	60,579
Provincial Government		–	–	33,173	39,625	39,625	39,625	–	12,000	14,646	–
District Municipality		–	–	700	–	–	–	–	–	–	–
Other transfers and grants		21,449	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	4	80,258	58,050	82,271	96,269	104,308	104,308	–	56,002	70,931	60,579
<b>Borrowing</b>	6	–	–	–	–	–	–	–	–	–	–
<b>Internally generated funds</b>		4,540	21,593	5,737	22,700	25,962	25,962	–	30,180	23,244	15,013
<b>Total Capital Funding</b>	7	84,798	79,643	88,008	118,969	130,270	130,270	–	86,182	94,174	75,592

## 4.5 ANNUAL BUDGET TABLES

### 4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	5,605	5,726	5,732	7,405	10,911	10,911	10,911	14,844	15,844	16,794
Service charges	200	202	229	2,518	227	227	277	215	254	268
Investment revenue	7,231	8,198	12,519	8,300	10,300	10,300	–	12,371	13,114	13,900
Transfers recognised - operational	245,981	232,507	249,829	259,523	259,773	259,773	–	284,264	292,236	311,037
Other own revenue	15,228	15,684	10,438	84,060	97,180	97,180	710	92,187	98,790	100,037
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>274,246</b>	<b>262,317</b>	<b>278,747</b>	<b>361,805</b>	<b>378,391</b>	<b>378,391</b>	<b>11,897</b>	<b>403,882</b>	<b>420,237</b>	<b>442,037</b>
Employee costs	105,285	115,470	130,174	136,962	136,962	136,962	136,962	146,798	156,514	168,253
Remuneration of councillors	17,001	18,411	21,880	23,061	23,061	23,061	–	24,606	26,353	28,329
Depreciation & asset impairment	31,807	35,084	40,945	54,480	54,480	54,480	54,480	51,564	60,724	64,804
Finance charges	161	131	130	–	–	–	–	–	–	–
Materials and bulk purchases	4,964	2,094	3,025	10,615	11,841	11,841	–	13,726	14,574	15,606
Transfers and grants	–	4,257	2,612	8,276	6,882	6,882	–	7,285	8,746	9,402
Other expenditure	96,055	71,523	87,530	103,421	120,163	120,163	116,992	128,047	130,083	136,369
<b>Total Expenditure</b>	<b>255,273</b>	<b>246,970</b>	<b>286,297</b>	<b>336,814</b>	<b>353,389</b>	<b>353,389</b>	<b>308,434</b>	<b>372,027</b>	<b>396,994</b>	<b>422,763</b>
<b>Surplus/(Deficit)</b>	<b>18,972</b>	<b>15,347</b>	<b>(7,549)</b>	<b>24,991</b>	<b>25,002</b>	<b>25,002</b>	<b>(296,537)</b>	<b>31,855</b>	<b>23,244</b>	<b>19,274</b>
Transfers and subsidies - capital (monetary allocations) (†)	58,809	58,050	78,646	96,269	105,269	105,269	–	69,802	75,649	65,610
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>77,781</b>	<b>73,397</b>	<b>71,097</b>	<b>121,259</b>	<b>130,270</b>	<b>130,270</b>	<b>(296,537)</b>	<b>101,657</b>	<b>98,893</b>	<b>84,884</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>77,781</b>	<b>73,397</b>	<b>71,097</b>	<b>121,259</b>	<b>130,270</b>	<b>130,270</b>	<b>(296,537)</b>	<b>101,657</b>	<b>98,893</b>	<b>84,884</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>84,798</b>	<b>79,643</b>	<b>88,008</b>	<b>118,969</b>	<b>130,270</b>	<b>130,270</b>	<b>–</b>	<b>86,182</b>	<b>94,174</b>	<b>75,592</b>
Transfers recognised - capital	80,258	58,050	82,271	96,269	104,308	104,308	–	56,002	70,931	60,579
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	4,540	21,593	5,737	22,700	25,962	25,962	–	30,180	23,244	15,013
<b>Total sources of capital funds</b>	<b>84,798</b>	<b>79,643</b>	<b>88,008</b>	<b>118,969</b>	<b>130,270</b>	<b>130,270</b>	<b>–</b>	<b>86,182</b>	<b>94,174</b>	<b>75,592</b>
<b>Financial position</b>										
Total current assets	109,093	140,754	193,928	127,280	233,172	233,172	289,284	197,031	185,376	196,687
Total non current assets	405,884	455,299	503,532	504,949	516,250	516,250	519,306	531,723	571,348	588,554
Total current liabilities	20,386	22,394	51,654	26,762	26,762	26,762	61,583	27,409	29,355	31,557
Total non current liabilities	4,857	5,120	6,171	1,702	1,702	1,702	438	6,724	7,201	7,742
Community wealth/Equity	489,735	568,538	639,635	606,056	720,958	720,958	310,851	694,621	720,168	745,942
<b>Cash flows</b>										
Net cash from (used) operating	106,775	110,543	136,517	(275,892)	51,628	51,628	(206,646)	69,958	57,046	62,210
Net cash from (used) investing	(71,559)	(74,851)	(82,040)	–	–	–	(16,559)	(98,081)	(105,045)	(112,923)
Net cash from (used) financing	1,037	(3,319)	(4,388)	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>101,947</b>	<b>134,320</b>	<b>184,409</b>	<b>(275,892)</b>	<b>51,628</b>	<b>51,628</b>	<b>(223,205)</b>	<b>(28,123)</b>	<b>(76,121)</b>	<b>(126,834)</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	101,947	134,320	184,409	110,247	216,138	216,138	245,726	184,455	171,906	182,207
Application of cash and investments	15,700	17,047	43,523	11,500	353	353	43,022	6,400	6,459	6,456
<b>Balance - surplus (shortfall)</b>	<b>86,247</b>	<b>117,273</b>	<b>140,885</b>	<b>98,747</b>	<b>215,785</b>	<b>215,785</b>	<b>202,704</b>	<b>178,055</b>	<b>165,447</b>	<b>175,751</b>
<b>Asset management</b>										
Asset register summary (WDV)	405,884	455,299	503,532	24,713	30,025	30,025	30,025	531,723	571,348	588,554
Depreciation	31,807	35,084	40,945	54,480	54,480	54,480	54,480	51,564	60,724	64,804
Renewal and Upgrading of Existing Assets	–	–	–	8,000	10,000	10,000	10,000	–	–	–
Repairs and Maintenance	4,964	4,572	8,286	12,788	13,324	13,324	13,324	18,566	19,884	21,375
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	(2,241)	50	50	78	78	57	61
Revenue cost of free services provided	–	–	924	228	228	228	345	345	257	273
<b>Households below minimum service level</b>										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

## 4.5.2 Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)

EC155 Nyandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Revenue - Functional</b>											
<b>Governance and administration</b>			244,739	240,310	249,345	331,003	349,629	349,629	377,405	401,495	421,409
Executive and council			—	—	614	—	—	—	—	—	—
Finance and administration			244,297	239,728	248,731	331,003	349,629	349,629	377,405	401,495	421,409
Internal audit			441	583	—	—	—	—	—	—	—
<b>Community and public safety</b>			2,801	4,292	412	5,552	5,802	5,802	6,484	6,488	6,865
Community and social services			344	450	412	440	690	690	742	745	777
Sport and recreation			—	—	—	—	—	—	—	—	—
Public safety			2,457	3,842	—	5,112	5,112	5,112	5,742	5,743	6,088
Housing			—	—	—	—	—	—	—	—	—
Health			—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>			60,133	62,412	86,218	100,703	109,703	109,703	74,428	79,008	69,220
Planning and development			105	101	107	132	132	132	140	148	157
Road transport			60,028	62,311	86,111	100,571	109,571	109,571	74,288	78,860	69,063
Environmental protection			—	—	—	—	—	—	—	—	—
<b>Trading services</b>			25,382	13,353	21,419	18,526	18,526	18,526	15,367	8,896	10,153
Energy sources			25,000	11,250	15,000	18,189	18,189	18,189	15,010	8,517	9,752
Water management			—	—	—	—	—	—	—	—	—
Waste water management			—	—	—	—	—	—	—	—	—
Waste management			382	2,103	6,419	337	337	337	357	379	401
<b>Other</b>	4		—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>	2		333,055	320,367	357,393	455,783	483,659	483,659	473,684	495,887	507,647
<b>Expenditure - Functional</b>											
<b>Governance and administration</b>			228,102	127,489	181,710	217,685	225,495	225,495	242,594	264,834	282,508
Executive and council			18,041	57,239	59,413	64,915	64,541	64,541	72,924	79,268	84,481
Finance and administration			105,816	34,184	121,493	149,316	157,533	157,533	165,673	181,286	193,426
Internal audit			104,244	36,066	804	3,453	3,420	3,420	3,997	4,280	4,601
<b>Community and public safety</b>			—	37,884	14,632	36,332	36,717	36,717	40,303	42,948	46,047
Community and social services			—	15,572	9,228	14,381	14,518	14,518	16,326	17,269	18,501
Sport and recreation			—	—	—	—	—	—	—	—	—
Public safety			—	19,967	1,827	16,674	16,822	16,822	17,949	19,223	20,607
Housing			—	2,345	3,132	4,648	4,748	4,748	5,130	5,494	5,906
Health			—	—	446	629	629	629	898	961	1,034
<b>Economic and environmental services</b>			4,964	62,752	59,829	45,789	47,419	47,419	55,468	59,743	61,933
Planning and development			—	10,559	16,998	19,427	20,196	20,196	22,837	24,889	24,925
Road transport			4,964	52,193	42,831	26,362	27,223	27,223	32,631	34,854	37,008
Environmental protection			—	—	—	—	—	—	—	—	—
<b>Trading services</b>			22,207	18,266	28,423	34,327	41,048	41,048	30,803	26,405	28,981
Energy sources			22,207	10,566	15,092	23,029	29,029	29,029	17,723	12,921	14,487
Water management			—	—	—	—	—	—	—	—	—
Waste water management			—	—	—	—	—	—	—	—	—
Waste management			—	7,699	13,331	11,297	12,018	12,018	13,079	13,483	14,495
<b>Other</b>	4		—	579	1,703	2,681	2,711	2,711	2,860	3,063	3,293
<b>Total Expenditure - Functional</b>	3		255,274	246,971	286,297	336,814	353,389	353,389	372,027	396,994	422,763
<b>Surplus/(Deficit) for the year</b>			77,781	73,397	71,097	118,969	130,270	130,270	101,657	98,893	84,884

## 4.5 3 Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)

EC155 Nyandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote		1									
Vote 1 - EXECUTIVE & COUNCIL			–	–	614	–	–	–	–	–	–
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES			–	–	–	400	400	400	300	318	337
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY			244,297	239,728	248,731	330,603	349,229	349,229	377,105	401,177	421,072
Vote 4 - PLANNING & DEVELOPMENT			105	101	107	132	132	132	140	148	157
Vote 5 - COMMUNITY & SOCIAL SERVICES			344	450	412	440	690	690	742	745	777
Vote 6 - HOUSING			–	–	–	–	–	–	–	–	–
Vote 7 - ROAD TRANSPORT			60,028	62,311	86,111	100,571	109,571	109,571	74,288	78,860	69,063
Vote 8 - PUBLIC SAFETY			2,457	3,842	–	5,112	5,112	5,112	5,742	5,743	6,088
Vote 9 - HEALTH			–	–	–	–	–	–	–	–	–
Vote 10 - SPORT AND RECREATION			–	–	–	–	–	–	–	–	–
Vote 11 - ELECTRICITY			25,000	11,250	15,000	18,189	18,189	18,189	15,010	8,517	9,752
Vote 12 - WASTE MANAGEMENT			382	2,103	6,419	337	337	337	357	379	401
Vote 13 - OTHER			–	–	–	–	–	–	–	–	–
Vote 14 - INTERNAL AUDIT			441	583	–	–	–	–	–	–	–
Vote 15 - 0			–	–	–	–	–	–	–	–	–
Total Revenue by Vote		2	333,055	320,367	357,393	455,783	483,659	483,659	473,684	495,887	507,647
Expenditure by Vote to be appropriated		1									
Vote 1 - EXECUTIVE & COUNCIL			18,041	57,239	59,413	64,915	64,541	64,541	72,924	79,268	84,481
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES			–	–	–	38,091	40,219	40,219	44,424	47,979	50,421
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY			105,816	34,184	121,493	111,225	117,314	117,314	121,249	133,307	143,005
Vote 4 - PLANNING & DEVELOPMENT			–	10,559	16,998	19,427	20,196	20,196	22,837	24,889	24,925
Vote 5 - COMMUNITY & SOCIAL SERVICES			–	15,572	9,228	14,381	14,518	14,518	16,326	17,269	18,501
Vote 6 - HOUSING			–	2,345	3,132	4,648	4,748	4,748	5,130	5,494	5,906
Vote 7 - ROAD TRANSPORT			4,964	52,193	42,831	26,362	27,223	27,223	32,631	34,854	37,008
Vote 8 - PUBLIC SAFETY			–	19,967	1,827	16,674	16,822	16,822	17,949	19,223	20,607
Vote 9 - HEALTH			–	–	446	629	629	629	898	961	1,034
Vote 10 - SPORT AND RECREATION			–	–	–	–	–	–	–	–	–
Vote 11 - ELECTRICITY			22,207	10,566	15,092	23,029	29,029	29,029	17,723	12,921	14,487
Vote 12 - WASTE MANAGEMENT			–	7,699	13,331	11,297	12,018	12,018	13,079	13,483	14,495
Vote 13 - OTHER			–	579	1,703	2,681	2,711	2,711	2,860	3,063	3,293
Vote 14 - INTERNAL AUDIT			104,244	36,066	804	3,453	3,420	3,420	3,997	4,280	4,601
Vote 15 - 0			–	–	–	–	–	–	–	–	–
Total Expenditure by Vote		2	255,274	246,971	286,297	336,814	353,389	353,389	372,027	396,994	422,763
Surplus/(Deficit) for the year		2	77,781	73,397	71,097	118,969	130,270	130,270	101,657	98,893	84,884

## 4.5.4 Table A4 : Budget financial performance (revenue and expenditure)

EC155 Nyandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	5,605	5,726	5,732	7,405	10,911	10,911	10,911	14,844	15,844	16,794
Service charges - electricity revenue	2	-	-	-	2,291	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	200	202	229	227	227	227	277	215	254	268
Rental of facilities and equipment		61	60	63	45	45	45	-	67	71	75
Interest earned - external investments		7,231	8,198	12,519	8,300	10,300	10,300	-	12,371	13,114	13,900
Interest earned - outstanding debtors		204	1,163	975	1,293	1,293	1,293	-	1,371	1,453	1,540
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		76	241	572	430	430	430	-	456	483	512
Licences and permits		2,357	3,284	2,961	4,356	4,356	4,356	-	4,617	4,894	5,188
Agency services		235	362	731	426	426	426	-	775	478	507
Transfers and subsidies		245,961	232,507	249,829	259,523	259,773	259,773	-	284,264	292,236	311,037
Other revenue	2	12,295	10,574	5,136	710	710	710	710	1,541	1,633	1,731
Gains on disposal of PPE		-	-	-	76,801	89,921	89,921	-	83,361	89,778	90,484
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>274,246</b>	<b>262,317</b>	<b>278,747</b>	<b>361,805</b>	<b>378,391</b>	<b>378,391</b>	<b>11,897</b>	<b>403,882</b>	<b>420,237</b>	<b>442,037</b>
<b>Expenditure By Type</b>											
Employee related costs	2	105,285	115,470	130,174	136,962	136,962	136,962	136,962	146,798	156,514	168,253
Remuneration of councillors		17,001	18,411	21,880	23,061	23,061	23,061	-	24,606	26,353	28,329
Debt impairment	3	5,135	1,604	2,299	3,171	3,171	3,171	-	3,361	3,563	3,777
Depreciation & asset impairment	2	31,807	35,084	40,945	54,480	54,480	54,480	54,480	51,564	60,724	64,804
Finance charges		161	131	130	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	4,964	2,094	3,025	10,615	11,841	11,841	-	13,726	14,574	15,606
Contracted services		-	27,901	38,504	52,309	64,525	64,525	64,525	67,237	63,743	67,364
Transfers and subsidies		-	4,257	2,612	8,276	6,882	6,882	-	7,285	8,746	9,402
Other expenditure	4, 5	87,667	38,362	46,228	47,941	52,467	52,467	52,467	57,449	62,777	65,228
Loss on disposal of PPE		3,253	3,656	499	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>255,273</b>	<b>246,970</b>	<b>286,297</b>	<b>336,814</b>	<b>353,389</b>	<b>353,389</b>	<b>308,434</b>	<b>372,027</b>	<b>396,994</b>	<b>422,763</b>
<b>Surplus/(Deficit)</b>		<b>18,972</b>	<b>15,347</b>	<b>(7,549)</b>	<b>24,991</b>	<b>25,002</b>	<b>25,002</b>	<b>(296,537)</b>	<b>31,855</b>	<b>23,244</b>	<b>19,274</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		58,809	58,050	78,646	96,269	105,269	105,269	-	69,802	75,649	65,610
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>77,781</b>	<b>73,397</b>	<b>71,097</b>	<b>121,259</b>	<b>130,270</b>	<b>130,270</b>	<b>(296,537)</b>	<b>101,657</b>	<b>98,893</b>	<b>84,884</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>77,781</b>	<b>73,397</b>	<b>71,097</b>	<b>121,259</b>	<b>130,270</b>	<b>130,270</b>	<b>(296,537)</b>	<b>101,657</b>	<b>98,893</b>	<b>84,884</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>77,781</b>	<b>73,397</b>	<b>71,097</b>	<b>121,259</b>	<b>130,270</b>	<b>130,270</b>	<b>(296,537)</b>	<b>101,657</b>	<b>98,893</b>	<b>84,884</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>77,781</b>	<b>73,397</b>	<b>71,097</b>	<b>121,259</b>	<b>130,270</b>	<b>130,270</b>	<b>(296,537)</b>	<b>101,657</b>	<b>98,893</b>	<b>84,884</b>



## 4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

EC155 Nyandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		735	-	1,100	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES		5,708	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY		-	2,491	7,452	-	-	-	-	14,430	7,891	2,809
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	950	643	691
Vote 5 - COMMUNITY & SOCIAL SERVICES		9,239	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		69,115	69,251	70,772	-	-	-	-	65,802	84,336	72,092
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	259	8,683	-	-	-	-	5,000	1,305	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	7,642	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		84,797	79,643	88,008	-	-	-	-	86,182	94,174	75,592
<b>Total Capital Expenditure - Vote</b>		84,797	79,643	88,008	-	-	-	-	86,182	94,174	75,592
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		6,444	10,133	8,552	10,600	10,653	10,653	-	14,430	7,891	2,809
Executive and council		735	-	1,100	-	-	-	-	-	-	-
Finance and administration		5,708	2,491	7,452	10,600	10,653	10,653	-	14,430	7,891	2,809
Internal audit		-	7,642	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		9,239	-	8,683	100	309	309	-	-	-	-
Community and social services		9,239	-	8,683	-	106	106	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	100	203	203	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		69,115	69,251	70,772	91,754	101,793	101,793	-	66,782	84,978	72,783
Planning and development		-	-	-	-	-	-	-	950	643	691
Road transport		69,115	69,251	70,772	91,754	101,793	101,793	-	65,802	84,336	72,092
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	259	-	16,515	17,515	17,515	-	5,000	1,305	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	259	-	16,515	17,515	17,515	-	5,000	1,305	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	84,798	79,643	88,008	118,969	130,270	130,270	-	86,182	94,174	75,592
<b>Funded by:</b>											
National Government		58,809	58,050	48,398	56,644	64,683	64,683	-	44,002	56,285	60,579
Provincial Government		-	-	33,173	39,625	39,625	39,625	-	12,000	14,646	-
District Municipality		-	-	700	-	-	-	-	-	-	-
Other transfers and grants		21,449	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	80,258	58,050	82,271	96,269	104,308	104,308	-	56,002	70,931	60,579
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		4,540	21,593	5,737	22,700	25,962	25,962	-	30,180	23,244	15,013
<b>Total Capital Funding</b>	7	84,798	79,643	88,008	118,969	130,270	130,270	-	86,182	94,174	75,592



## 4.5.6 Table A6: Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
ASSETS												
Current assets												
Cash			36,028	42,833	34,106	110,247	216,138	216,138	176,685	35,000	11,840	10,136
Call investment deposits	1		65,919	91,486	150,303	–	–	–	69,041	149,455	160,066	172,071
Consumer debtors	1		1,398	1,703	645	16,447	16,447	16,447	17,363	12,069	12,926	13,895
Other debtors			5,389	4,452	8,608	–	–	–	26,837	–	–	–
Current portion of long-term receivables			–	–	–	227	227	227	(907)	242	260	279
Inventory	2		360	280	266	360	360	360	266	266	285	306
Total current assets			109,093	140,754	193,928	127,280	233,172	233,172	289,284	197,031	185,376	196,687
Non current assets												
Long-term receivables			–	–	–	–	–	–	–	–	–	–
Investments			–	–	–	–	–	–	–	–	–	–
Investment property			62,053	65,151	67,952	61,683	61,683	61,683	2,801	61,683	66,063	71,017
Investment in Associate			–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3		343,171	389,945	434,800	440,558	451,860	451,860	543,396	463,124	502,163	514,179
Biological			–	–	–	–	–	–	–	–	–	–
Intangible			659	202	779	2,707	2,707	2,707	(26,891)	6,916	3,123	3,357
Other non-current assets			–	–	–	–	–	–	–	–	–	–
Total non current assets			405,884	455,299	503,532	504,949	516,250	516,250	519,306	531,723	571,348	588,554
TOTAL ASSETS			514,977	596,052	697,460	632,229	749,422	749,422	808,590	728,754	756,724	785,241
LIABILITIES												
Current liabilities												
Bank overdraft	1		–	–	–	–	–	–	–	–	–	–
Borrowing	4		453	333	305	–	–	–	–	–	–	–
Consumer deposits			269	416	907	–	–	–	–	–	–	–
Trade and other payables	4		18,899	21,133	49,685	11,500	11,500	11,500	43,357	15,200	16,279	17,500
Provisions			765	513	756	15,262	15,262	15,262	18,226	12,209	13,076	14,057
Total current liabilities			20,386	22,394	51,654	26,762	26,762	26,762	61,583	27,409	29,355	31,557
Non current liabilities												
Borrowing			624	235	438	1,702	1,702	1,702	438	1,750	1,874	2,015
Provisions			4,233	4,885	5,733	–	–	–	–	4,974	5,327	5,727
Total non current liabilities			4,857	5,120	6,171	1,702	1,702	1,702	438	6,724	7,201	7,742
TOTAL LIABILITIES			25,242	27,515	57,825	28,464	28,464	28,464	62,021	34,133	36,557	39,299
NET ASSETS			489,735	568,538	639,635	603,765	720,958	720,958	746,569	694,621	720,168	745,942
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			487,438	563,144	639,635	606,056	720,958	720,958	305,457	694,621	720,168	745,942
Reserves	4		2,297	5,394	–	–	–	–	5,394	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY			489,735	568,538	639,635	606,056	720,958	720,958	310,851	694,621	720,168	745,942

## 4.5.7 Table A7: Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			5,605	7,623	4,604	–	6,331	6,331	28	11,958	13,150	14,610
Service charges			200	202	229	–	235	235	(4)	192	211	233
Other revenue			4,108	6,523	6,087	–	5,903	5,903	66	5,266	5,717	6,311
Government - operating		1	245,981	229,130	275,144	–	259,123	259,123	(9,351)	284,264	292,236	311,037
Government - capital		1	58,809	58,809	78,646	–	65,644	65,644	–	69,802	61,003	65,610
Interest			7,231	8,198	12,519	–	8,103	8,103	7,450	13,468	14,320	15,240
Dividends			–	–	–	–	–	–	–	–	–	–
Payments												
Suppliers and employees			(215,154)	(199,813)	(239,277)	(270,887)	(288,856)	(288,856)	(201,171)	(309,816)	(323,961)	(344,781)
Finance charges			(5)	(131)	(130)	–	–	–	–	–	–	–
Transfers and Grants		1	–	–	(1,305)	(5,005)	(4,855)	(4,855)	(3,665)	(5,176)	(5,629)	(6,051)
NET CASH FROM/(USED) OPERATING ACTIVITIES			106,775	110,543	136,517	(275,892)	51,628	51,628	(206,646)	69,958	57,046	62,210
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			–	994	207	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors			–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables			–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments			–	–	–	–	–	–	–	–	–	–
Payments												
Capital assets			(71,559)	(75,845)	(82,247)	–	–	–	(16,559)	(98,081)	(105,045)	(112,923)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(71,559)	(74,851)	(82,040)	–	–	–	(16,559)	(98,081)	(105,045)	(112,923)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing			–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits			1,615	(2,810)	(4,212)	–	–	–	–	–	–	–
Payments												
Repayment of borrowing			(578)	(509)	(176)	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES			1,037	(3,319)	(4,388)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD			36,253	32,373	50,089	(275,892)	51,628	51,628	(223,205)	(28,123)	(47,998)	(50,713)
Cash/cash equivalents at the year begin:		2	65,694	101,947	134,320	–	–	–	–	–	(28,123)	(76,121)
Cash/cash equivalents at the year end:		2	101,947	134,320	184,409	(275,892)	51,628	51,628	(223,205)	(28,123)	(76,121)	(126,834)

## 4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

EC155 Nyandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	101,947	134,320	184,409	(275,892)	51,628	51,628	(223,205)	(28,123)	(76,121)	(126,834)
Other current investments > 90 days		(0)	–	0	386,139	164,510	164,510	468,931	212,577	248,027	309,041
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>101,947</b>	<b>134,320</b>	<b>184,409</b>	<b>110,247</b>	<b>216,138</b>	<b>216,138</b>	<b>245,726</b>	<b>184,455</b>	<b>171,906</b>	<b>182,207</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		–	–	25,532	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	15,700	17,047	17,992	11,500	353	353	43,022	6,400	6,459	6,456
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>15,700</b>	<b>17,047</b>	<b>43,823</b>	<b>11,500</b>	<b>353</b>	<b>353</b>	<b>43,022</b>	<b>6,400</b>	<b>6,459</b>	<b>6,456</b>
<b>Surplus(shortfall)</b>		<b>86,247</b>	<b>117,273</b>	<b>140,885</b>	<b>98,747</b>	<b>215,785</b>	<b>215,785</b>	<b>202,704</b>	<b>178,055</b>	<b>165,447</b>	<b>175,751</b>

## Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcomes	Audited Outcomes	Audited Outcomes	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	<b>1</b>	<b>84,798</b>	<b>79,643</b>	<b>88,008</b>	<b>110,969</b>	<b>120,270</b>	<b>120,270</b>	<b>86,182</b>	<b>94,174</b>	<b>75,592</b>
Roads infrastructure		63,766	70,785	70,425	73,057	68,014	68,014	46,252	79,260	72,092
Storm water infrastructure		—	—	—	—	—	—	—	—	—
Electrical infrastructure		—	—	—	—	—	—	—	—	—
Water Supply infrastructure		—	—	—	—	—	—	—	—	—
Sanitation infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste infrastructure		—	—	—	10,515	10,515	10,515	5,000	1,305	—
Rail infrastructure		—	—	—	—	—	—	—	—	—
Coastal infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		<b>63,766</b>	<b>70,785</b>	<b>70,425</b>	<b>90,312</b>	<b>85,129</b>	<b>85,129</b>	<b>51,252</b>	<b>80,565</b>	<b>72,092</b>
Community Facilities		9,239	259	8,683	5,957	17,221	17,221	15,100	1,075	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		<b>9,239</b>	<b>259</b>	<b>8,683</b>	<b>5,957</b>	<b>17,221</b>	<b>17,221</b>	<b>15,100</b>	<b>1,075</b>	<b>—</b>
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	5,000	5,000	5,000	9,000	5,000	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	5,000	5,000	5,000	9,000	5,000	—
Operational Buildings		11,612	8,555	8,175	500	1,534	1,534	300	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		<b>11,612</b>	<b>8,555</b>	<b>8,175</b>	<b>500</b>	<b>1,534</b>	<b>1,534</b>	<b>300</b>	<b>—</b>	<b>—</b>
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		180	64	725	1,300	1,300	1,300	4,750	803	863
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		<b>180</b>	<b>64</b>	<b>725</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>4,750</b>	<b>803</b>	<b>863</b>
Computer Equipment		—	—	—	1,600	1,683	1,683	600	643	691
Furniture and Office Equipment		—	—	—	1,400	2,403	2,403	380	1,086	743
Machinery and Equipment		—	—	—	4,000	4,000	4,000	4,000	4,000	—
Transport Assets		—	—	—	1,000	2,000	2,000	800	1,002	1,202
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<b>Total Renewal of Existing Assets</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,000</b>	<b>10,000</b>	<b>10,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
Roads infrastructure		—	—	—	8,000	10,000	10,000	—	—	—
Storm water infrastructure		—	—	—	—	—	—	—	—	—
Electrical infrastructure		—	—	—	—	—	—	—	—	—
Water Supply infrastructure		—	—	—	—	—	—	—	—	—
Sanitation infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste infrastructure		—	—	—	—	—	—	—	—	—
Rail infrastructure		—	—	—	—	—	—	—	—	—
Coastal infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		<b>—</b>	<b>—</b>	<b>—</b>	<b>8,000</b>	<b>10,000</b>	<b>10,000</b>	<b>—</b>	<b>—</b>	<b>—</b>
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<b>Total Upgrading of Existing Assets</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Roads infrastructure		—	—	—	—	—	—	—	—	—
Storm water infrastructure		—	—	—	—	—	—	—	—	—
Electrical infrastructure		—	—	—	—	—	—	—	—	—
Water Supply infrastructure		—	—	—	—	—	—	—	—	—
Sanitation infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste infrastructure		—	—	—	—	—	—	—	—	—
Rail infrastructure		—	—	—	—	—	—	—	—	—
Coastal infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Community Facilities		—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Operational Buildings		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	—	—	—
Transport Assets		—	—	—	—	—	—	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>4</b>	<b>84,798</b>	<b>79,643</b>	<b>88,008</b>	<b>118,969</b>	<b>130,270</b>	<b>130,270</b>	<b>86,182</b>	<b>94,174</b>	<b>75,592</b>
Roads infrastructure		63,766	70,785	70,425	81,797	78,614	78,614	46,252	79,260	72,092
Storm water infrastructure		—	—	—	—	—	—	—	—	—
Electrical infrastructure		—	—	—	—	—	—	—	—	—
Water Supply infrastructure		—	—	—	—	—	—	—	—	—
Sanitation infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste infrastructure		—	—	—	—	—	—	—	—	—
Rail infrastructure		—	—	—	10,515	10,515	10,515	5,000	1,305	—
Coastal infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		<b>63,766</b>	<b>70,785</b>	<b>70,425</b>	<b>90,312</b>	<b>85,129</b>	<b>85,129</b>	<b>51,252</b>	<b>80,565</b>	<b>72,092</b>
Community Facilities		9,239	259	8,683	5,957	17,221	17,221	15,100	1,075	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
Community Assets		<b>9,239</b>	<b>259</b>	<b>8,683</b>	<b>5,957</b>	<b>17,221</b>	<b>17,221</b>	<b>15,100</b>	<b>1,075</b>	<b>—</b>
Heritage Assets		—	—	—	—	—	—	—	—	—
Revenue Generating		—	—	—	5,000	5,000	5,000	9,000	5,000	—
Non-revenue Generating		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	5,000	5,000	5,000	9,000	5,000	—
Operational Buildings		11,612	8,555	8,175	500	1,534	1,534	300	—	—
Housing		—	—	—	—	—	—	—	—	—
Other Assets		<b>11,612</b>	<b>8,555</b>	<b>8,175</b>	<b>500</b>	<b>1,534</b>	<b>1,534</b>	<b>300</b>	<b>—</b>	<b>—</b>
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Servitudes		180	64	725	1,300	1,300	1,300	4,750	803	863
Licences and Rights		—	—	—	—	—	—	—	—	—
Intangible Assets		<b>180</b>	<b>64</b>	<b>725</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>4,750</b>	<b>803</b>	<b>863</b>
Computer Equipment		—	—	—	1,600	1,683	1,683	600	643	691
Furniture and Office Equipment		—	—	—	1,400	2,403	2,403	380	1,086	743
Machinery and Equipment		—	—	—	4,000	4,000	4,000	4,000	4,000	—
Transport Assets		—	—	—	1,000	2,000	2,000	800	1,002	1,202
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WOV)</b>	<b>5</b>	<b>405,884</b>	<b>455,299</b>	<b>503,532</b>	<b>24,713</b>	<b>30,025</b>	<b>30,025</b>	<b>531,723</b>	<b>571,348</b>	<b>588,554</b>
Roads infrastructure		289,316	328,764	363,739	(114,687)	(113,295)	(113,295)	365,397	426,674	445,561
Storm water infrastructure		—	—	—	(4,724)	(4,724)	(4,724)	—	—	—
Electrical infrastructure		—	—	—	(2,758)	(2,758)	(2,758)	—	—	—
Water Supply infrastructure		—	—	—	—	—	—	—	—	—
Sanitation infrastructure		—	—	—	—	—	—	—	—	—
Solid Waste infrastructure		—	—	—	—	—	—	—	—	—
Rail infrastructure		—	—	—	10,027	10,027	10,027	11,206	7,952	7,145
Coastal infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication infrastructure		—	—	—	—	—	—	—	—	—
Infrastructure		<b>289,316</b>	<b>328,764</b>	<b>363,739</b>	<b>(103,342)</b>	<b>(101,760)</b>	<b>(101,760)</b>	<b>376,603</b>	<b>434,626</b>	<b>452,706</b>
Community Facilities		11,179	10,433	17,610	1,541	3,041	3,041	15,920	(4,513)	(6,007)
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—

## **SUPPORTING DOCUMENTS**

### **5 Annual Budget Process Overview**

#### **5.1 Background**

Integrated Development Planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a product of the IDP process. The NLM IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in the municipality. Through Integrated Development Planning which necessitates the involvement of all relevant stakeholders, a municipality:

- Identifies its key development priorities;
- Formulates a clear vision, mission and values;
- Formulates appropriate strategies;
- Develops the appropriate organisational structure and systems to realise the vision and mission; and
- Aligns resources with the developmental priorities.

In terms of the Systems Act, all municipalities have to undertake an IDP process to produce IDPs. As the IDP is a legislative requirement it has a legal status and supersedes all other plans that guide development at local government level.

In a nutshell, the IDP process entails an assessment of the existing level of development and the identification of key development priorities. The vision and mission statements for the long-term development flow from the aforesaid, with specific reference to critical developmental and internal transformational needs. The development strategies and objectives will be directed at bridging the gap between the existing level of development and the vision and mission. A very critical phase of the IDP process is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects); because this will ensure that the IDP directs the development and implementation of projects.

Our responsibility as a sphere of government is to ensure that the quality of life of all who live and work in Nyandeni is improved. We will continue to engage in both progressive and meaningful discussions with our communities to shape a clear path from which governance and development will draw guidance and direction. The council will continue to pursue and encourage community participation programmes, to ensure that our plans are in line with community needs.

We have a responsibility to contribute to the process of transforming the lives of our people from the conditions of abject poverty and underdevelopment. In our fight against poverty and underdevelopment, we are committed to ensuring that equitable service delivery becomes the norm in Nyandeni. For this reason NLM has to focus inter alia, on the following:

- Build sustainable communities by paying special attention to health education, service delivery, human settlements, environment and safety;
- Develop infrastructure to equalise services upgrade and ensure accessibility and unity in Nyandeni;
- Grow the economy to be linked with the national and provincial economies, empower the people of the region and build required skills; and
- Developing and implementing integrated plans and strategies for economic and social development; service delivery; infrastructure development; provision of basic services; human development; safety and security; participatory governance; youth development; women empowerment; building integrated and sustainable communities and protection of the environment.

## **DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN**

### **Guiding Principles**

The development of the Integrated Development Plan(IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 2018-2019 IDP priorities; and
- The review of the IDP focused on formulating measurable performance indicator targets for five, three and one year. These targets informed the preparation of the multi-year budgets, as well as the draft SDBIP.

The municipality adhered to the process plan for the development of the draft IDP and preparation of the multi-year budget for 2019/20 to 2022. The IDP development and Budget preparation has been done as per MSCOA requirements, which indicates that the municipality should capture each projects with its objectives in the IDP and budget for those projects for a period of five years.

## IDP AND BUDGET PROCESS PLAN

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
<b>AUGUST 2018</b>				
	Conclude performance agreements for the 2018-2019	Mayor & Municipal Manager	August 2018	MFMA Sec 53(1)c & MSA sec 56
	Make public the annual performance agreements and place copies to the municipal website	Office of the Municipal Manager	11 August 2018	MFMA 53(3)(a)
	Place the annual performance agreements on the municipal website	Office of the Municipal Manager	16 August 2018	MFMA 75 (1)(d)

	<p>Table IDP, PMS and Annual Budget Process Plan for 2019/20 to the Executive Committee including the following documents</p> <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2017/2018 FY</li> <li>✓ Performance Information report (MSA-s46) 2017-2018</li> <li>✓ Draft Annual Report for 2017/2018</li> </ul>	Municipal Manager	22 August 2018	MFMA 21(1)(b) & 53 (1) (b)
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HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	<p>Audit Committee Meeting to consider the review the:</p> <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2017/20178</li> <li>✓ Performance Information report (MSA-s46) 2017-2018</li> </ul> <p>Draft Annual Report for 2017/2018</p>	Office of the MM	22 August 2018	MFMA s65 & 66



	<p>Tabling of IDP &amp; Annual Budget Process Plan, AFS &amp; Performance information report to Council for adoption including the following documents</p> <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2017/2018</li> <li>✓ Performance Information report (MSA-s46)</li> <li>✓ Annual Report for 2017/2018</li> </ul>	Mayor	29 August 2018	MFMA 21(1)(b) & 53 (1) (b)
	<p>Printing of Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2018</p>	MM	29-30 August 2018	MFMA 126 (1) (a)

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
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	Submit Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2018 to Auditor General Office	Chief Financial Officer, MM	31 August 2018	MFMA 126 (1) (a)
<b>SEPTEMBER 2018</b>				
	Publish approved 2019/2020 IDP, PMS and Budget Process Plan and Framework on website and newspaper	SM: Operations	13 September 2018	MSA S16 & 21
	Submit approved 2019/20 IDP, PMS and Budget Process Plan and Framework to CoGTA, and Provincial Treasury, Auditor General (within 10 days of approval)	SM: Operations	13 September 2018	MFMA Sec 75 (2)
	Intergovernmental Engagements (IGR FORUM)	Mayor	19 September 2018	Constitution of RSA, s41 & MSA s24
<b>OCTOBER 2018</b>				
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager	October 2018	Chapter 3, Constitution of

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
				the RSA, 1996
	District Planning Forum sitting to share socio-economic data	ORTAMBO DM	11 October 2018	
	IDP & Budget Steering Committee	Municipal Manager	09 October 2018	IDP Guide
	Consultation and inclusion of Sector Department information to the IDP		October 2018	
	Table first quarter performance report including financial performance analysis report (s52(d) to Council	Mayor	31 October 2018	MFMA s52(d)
<b>NOVEMBER 2018</b>				
	Convene IDP Rep Forum to present Situational Analysis	MM	06 November 2018	
	Place quarterly performance report on the municipal website	Office of the Municipal Manager	05 November 2018	MFMA 75 (1)K & 52(d)

	Mayoral Imbizo's to give service delivery feedback and get community priority needs		19-23 November 2018	MSA s34 & s16

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
<b>DECEMBER 2018</b>				
	District Cluster Forums (to present situational analysis and project identification for 2019/20)		6-7 December 2018	
	Special Exco Meeting		07 December 2018	
	Special Council Meeting		14 December 2018	
<b>JANUARY 2019</b>				
	Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP	Municipal Manager & Senior Managers	15-16 January 2019	MFMA s72 (1) & 11
	Risk Management Committee		17 January 2019	

	Special Exco Meeting to Table Mid-year Report, revised SDBIP and Adjustment Budget for approval and Annual Report		21 January 2019	
	Ordinary Audit, Risk & Performance Committee (Assessment of Mid-year performance)	Internal Audit Unit	22 January 2019	
	Table Mid-year Report, revised SDBIP and Annual	Mayor & MM	24 January 2019	MFMA s72 (1) &

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Report to the Special Council Meeting			11
<b>FEBRUARY 2019</b>				
	Special Council Meeting to consider Oversight Report		05 February 2019	MFMA s129
	Place the Annual Report for 2017-2018 on the municipal website	Office of the Municipal Manager	10 February 2019	MFMA 75 (1)©

	Place the quarterly performance report (s52(d) on the municipal website			
	Provincial Treasury Mid-year assessment		21 February 2019	
	Table 2018/19 Adjustment Budget to Council for approval. (Possibly Amend IDP and Top Layer SDBIP).	CFO & MM	27 February 2019	MFMA s72 (1) & 11
	Convene Strategic Planning Session to review municipal high level overarching strategies and short term development objectives	Council	04 – 08 March 2019	
<b>MARCH 2019</b>				
<b>COUN</b> <b>CIL</b>	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive	Municipal Manager & CFO	23 March 2018	

<b>HASE</b>	<b>ACTIVITIES</b>	<b>COORDINATING DEPARTMENT</b>	<b>TIMEFRAME</b>	<b>LEGISLTATIVE FRAMEWORK</b>
<b>SITTING</b>	Committee			
	Convene IDP Rep Forum to present Draft IDP 2019/20 Review and Draft budget 2019/20	MM	27 March 2019	

	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to Council	Mayor	29 March 2019	MFMA s16 (2)
<b>APRIL 2019</b>				
	Risk Committee		05 April 2019	
	IDP Representative Forum	Mayor	10 April 2019	
	Special Executive Committee Meeting		20 April 2019	
	MTREF Engagement and Benchmarking(Conducted by Provincial Treasury)	MM	22 April 2019	
	Table third quarter performance report including financial performance analysis report to Council	Mayor	26 April 2018	MFMA s52(d)
<b>HASE</b>	<b>ACTIVITIES</b>	<b>COORDINATING DEPARTMENT</b>	<b>TIMEFRAME</b>	<b>LEGISLTATIVE FRAMEWORK</b>
<b>MAY 2019</b>				

	IDP and Budget Public Hearings		7-10 May 2019	
	Council Policy Consultative Workshop		21 – 23 May 2019	
	Ordinary Exco Meeting		24 May 2019	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	30 May 2019	MFMA s24 (1)
<b>JUNE 2019</b>				
	Ordinary Audit, Risk & Performance Committee		07 June 2019	
	Submit approved annual budget and IDP to NT & PT		10 June 2019	MFMA 24 (3)
	Publish the IDP and Budget for 2019-2020		07 June 2019	
	Special Exco Meeting to consider End of the Year Road Map and Financial Related Reports		June 2019	
	Ordinary Council Meeting		27 June 2019	



## **6 Alignment of Budget with Integrated Development Plan**

The IDP, however, contains information on developmental needs submitted by the community that may not be covered in the Budget. There should not be an expectation that everything contained in the IDP is funded. There are numerous needs submitted that are not the responsibility of the NLM, but that of either the National or Provincial governments. However, these inputs will be analysed and discussed stakeholders such as government departments, ward committees, CDW, NGO's and private sector to refine what can be implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document.

## **7 Budget Related Policies Overview and Amendments**

Section 18 of the Municipal Finance Management Act (MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes. Furthermore, National Treasury Circular 42 stipulates that the Budget be managed in a full accrual manner reflecting a transparent budget and accounting system approach. The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved for public participation policies for main services provided by the municipality, which are attached as annexures to this document. Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (Chapter 4, 17 (1) (a) and (3) (b)).

The policies to be attached are as follows:

- ❑ Supply Chain Management Policy
- ❑ Cash Management & Investment Policy
- ❑ Property Rates Policy
- ❑ Tariff Policy
- ❑ Bad debts & Write Off Policy
- ❑ Credit Control and Debt Collection Policy
- ❑ Asset management Policy
- ❑ Budget Policy
- ❑ Indigent Policy

## 8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 94 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2018/2019	2019/2020	2020/2021	2021/2022
	Estimate	Forecast		
CPI Inflation	4.7%	5.2%	5.4%	5.4%
Real GDP Growth	0.7%	1.5%	1.7%	2.1%

8.2 The inflation rate to be used for calculating wage increases

The South African Local Government Bargaining Council entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021. The preparation of the 2019/20 MTREF constitutes implementation of the second year of the agreement, which municipalities must implement as follows:

2019/20 Financial Year – average CPI + 1 per cent

The previous years were:

2017/18 Financial Year – average CPI + 1 per cent

2018/19 Financial Year – average CPI + 1 per cent

Salaries have been increased by 6.7% in 2019/20 financial year.

For the remuneration of Councillors, the municipality has budget based on actual costs approved in accordance with the Government Gazette No. 20 of 1998 on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance (DCoG).

8.3 Municipalities are advised to structure their 2019/20 electricity tariffs based on the **9.4 per cent** guideline.

### 8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Nyandeni Local Municipality's collection rate analytical review shows that the municipality in 2018/19 has budgeted to collect 59%. However, the municipality has employed mechanism to improve collection rates, in this instance, the municipality has budgeted to collect 80, 7% in 2019/20; 83% in 2020/21 and 87% in 2021/22 of the billed amount each year.

## **9 Funding the Budget (including fiscal overview and sources of funding)**

### **9.1 FUNDING OF THE CAPITAL BUDGET**

The 2019/2020 capital budget amounts to R86, 1 million, and for the two outer years its R94, 1 million and R76 million (these figures excludes retention amounts). It is predominantly funded through the MIG funding, Small Town Revitalisation and Internally Generated Funding.

### **9.2 FUNDING OF THE OPERATING BUDGET**

The Operating Budget is funded from the following main sources:

- Assessment Rates;
- Tariffs levied for Services, i.e. Refuse Collection;
- Other income and
- Operating Grants and Subsidies.

**Assessment Rates.** The Municipal Property Rates Act will be implemented on July 1 2019. The assessment rates will be levied on both land and improvements value. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

Income derived from **services** is mainly used to fund the cost rendering the service (both operating and capital needs).

The total budget for the assessment rates is R14,8 million for the current year, and for two outer years is R15,8 million and R16,8 million.

The income received in the form of the Equitable Share Grant is R262 million and for the two outer years is R277 million and R295 million.

**Other Grants and subsidies are as follows:**

<b>Grant Name</b>	<b>Financial Year</b>	<b>Amount</b>
<b>FMG</b>	<b>2019-20</b>	<b>R1 700 000</b>
<b>INEP</b>	<b>2019-20</b>	<b>R15 010 000</b>
<b>EPWP</b>	<b>2019-20</b>	<b>R1 321 000</b>
<b>LIBRARY SUBSIDY</b>	<b>2019-20</b>	<b>R750 000</b>

**Capital Grants are as follows:**

<b>Grant Name</b>	<b>Financial Year</b>	<b>Amount</b>
<b>MIG</b>	<b>2019-20</b>	<b>R60 844 000</b>
<b>STR</b>	<b>2019-20</b>	<b>R12 000 000</b>

## **10 Annual budgets and service delivery and budget implementation plans**

### **– Internal departments**

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Monthly projections of –
  - (i) Revenue to be collected, by source, and
  - (ii) Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Honourable Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2019 to 30 June 2020. It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The SDBIP for the 2019/2020 financial year has been prepared for submission to Treasury.

## **11. Contracts having future budgetary implications**

In terms of the NLM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **12. Legislation Compliance**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **1. In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the NLM's website.

### **2. Supply Chain Management**

The procurement plans have been compiled for the projects that are above R200 000, and will form part of the submissions to National Treasury. The measures will be put into place to ensure that the Departments adhere to such procurement plans as to enhance service delivery. Supply Chain Management Practitioners will be capacitated to ensure that they comprehend with all the necessary compliance matters as enshrined in the SCM Regulations and any relevant Circulars.

### **3. Cost Containment Measures**

With reference to circular 82, the municipality will apply the stringent measures to ensure that it complies with the circular, in order to minimise the costs in relation to non-core functions, travel and accommodation, catering , and meetings.

### **4. Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA.

### **5. Audit Committee**

An Audit Committee has been established and is fully functional.

### **6. Service Delivery and Implementation Plan**

The detailed SDBIP document will finalised after adoption and approval of the 2019/120 MTREF in May 2019. It will be submitted to National Treasury.

### **7. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements but there is still a need for improvement.

### **8. MFMA Training**

The MFMA training is being implemented as there are staff members that have enrolled in the Municipal Finance Certificate Programme

### 13. Other Supporting Documents

EC155 Nyandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	R e f	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		5,605	5,726	6,656	7,632	11,138	11,138	11,138	15,189	16,100	17,066
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		–	–	924	228	228	228	228	345	257	273
<b>Net Property Rates</b>		5,605	5,726	5,732	7,405	10,911	10,911	10,911	14,844	15,844	16,794
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		–	–	–	(2,291)	–	–	–	–	–	–
<b>Net Service charges - electricity revenue</b>		–	–	–	2,291	–	–	–	–	–	–
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue											
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		–	–	–	–	–	–	–	–	–	–
<b>Net Service charges - water revenue</b>		–	–	–	–	–	–	–	–	–	–
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		–	–	–	–	–	–	–	–	–	–
<b>Net Service charges - sanitation revenue</b>		–	–	–	–	–	–	–	–	–	–

<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		200	202	229	277	277	277	277	293	311	330
Total landfill revenue		–	–	–	–	–	–	–	–	–	–
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>		–	–	–	–	–	–	–	–	–	–
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>											
		–	–	–	50	50	50		78	57	61
<b>Net Service charges - refuse revenue</b>		<b>200</b>	<b>202</b>	<b>229</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>277</b>	<b>215</b>	<b>254</b>	<b>268</b>
<b>Other Revenue by source</b>											
<i>Library fees</i>		–		–	–	–	–	–	–	–	–
<i>Plan fees</i>		1		–	710	710	710	710	1,541	1,633	1,731
<i>Other income(Cemetery fees,site rental and Eco-park fees)</i>		0		–	–	–	–	–	–	–	–
Tender sales		541		–	–	–	–	–	–	–	–
Training-LGSETA		441		–	–	–	–	–	–	–	–
Vending & Hawking fees		69		–	–	–	–	–	–	–	–
Auction Sale				–	–	–	–	–	–	–	–
Fees earned		44		–	–	–	–	–	–	–	–
Commissions received		–		–	–	–	–	–	–	–	–
Fair value gain on short term investments		267		–	–	–	–	–	–	–	–
Donations received		10,904		–	–	–	–	–	–	–	–
Sundry income	3	28	10,574	5,136	–	–	–	–	–	–	–
<b>Total 'Other' Revenue</b>	1	<b>12,295</b>	<b>10,574</b>	<b>5,136</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>710</b>	<b>1,541</b>	<b>1,633</b>	<b>1,731</b>
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
	2	105,285	68,370	130,174	83,199	83,199	83,199	83,199	88,952	95,076	102,207
Basic Salaries and Wages											
Pension and UIF Contributions			6,632	–	13,594	13,594	13,594	13,594	14,539	15,535	16,700
Medical Aid Contributions			6,210	–	15,517	15,517	15,517	15,517	16,603	17,732	19,062
Overtime			6,632	–	1,858	1,858	1,858	1,858	1,982	2,123	2,282
Performance Bonus			5,698	–	6,667	6,667	6,667	6,667	7,128	7,618	8,190
Motor Vehicle Allowance			9,031	–	5,535	5,535	5,535	5,535	5,906	6,326	6,800
Cellphone Allowance				–	–	–	–	–	–	–	–
Housing Allowances			5,954	–	3,553	3,553	3,553	3,553	3,803	4,060	4,364
Other benefits and allowances			6,943	–	6,857	6,857	6,857	6,857	7,320	7,835	8,423
Payments in lieu of leave				–	–	–	–	–	–	–	–
Long service awards				–	33	33	33	33	115	38	41
Post-retirement benefit obligations	4			–	150	150	150	150	450	172	184



<b>sub-total</b> <u>Less: Employees costs capitalised to PPE</u>	5	105,285	115,470	130,174	136,962	136,962	136,962	136,962	146,798	156,514	168,253
		–	–	–	–	–	–	–	–	–	–
<b>Total Employee related costs</b>	1	105,285	115,470	130,174	136,962	136,962	136,962	136,962	146,798	156,514	168,253
<b>Contributions recognised - capital</b>											
0		–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–
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<b>Total Contributions recognised - capital</b>		–	–	–	–	–	–	–	–	–	–
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		31,807	35,084	40,945	54,310	54,310	54,310	54,310	51,394	60,554	64,634
Lease amortisation		–	–	–	170	170	170	170	170	170	170
Capital asset impairment		–	–	–	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–	–	–	–	–	–
<b>Total Depreciation &amp; asset impairment</b>	1	31,807	35,084	40,945	54,480	54,480	54,480	54,480	51,564	60,724	64,804
<b>Bulk purchases</b>											
Electricity Bulk Purchases		–	–	–	–	–	–	–	–	–	–
Water Bulk Purchases		–	–	–	–	–	–	–	–	–	–
<b>Total bulk purchases</b>	1	–	–	–	–	–	–	–	–	–	–
<b>Transfers and grants</b>											
Cash transfers and grants		–	4,257	2,612	5,005	4,855	4,855	–	5,176	5,629	6,051
Non-cash transfers and grants		–	–	–	3,271	2,027	2,027	–	2,110	3,116	3,350
<b>Total transfers and grants</b>	1	–	4,257	2,612	8,276	6,882	6,882	–	7,285	8,746	9,402
<b>Contracted services</b>											
Outsourced Services		–	27,901	38,504	14,261	16,698	16,698	16,698	20,220	21,180	23,042
Consultants and Professional Services		–	–	–	13,014	22,193	22,193	22,193	23,558	23,979	23,638
Contractors		–	–	–	25,033	25,634	25,634	25,634	23,460	18,584	20,684
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		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>Total 'Other' Expenditure</b>	1	87,667	38,362	46,228	47,941	52,467	52,467	52,467	57,449	62,777	65,228
<b>Repairs and Maintenance by Expenditure Item</b>	8										
Employee related costs		-	-	-	-	-	-	-	2,000	2,142	2,303
Other materials		-	-	-	1,974	2,452	2,452	2,452	2,927	3,135	3,370
Contracted Services		-	-	-	8,528	8,581	8,581	8,581	13,340	14,287	15,359
Other Expenditure		-	-	-	286	291	291	291	298	320	344
<b>Total Repairs and Maintenance Expenditure</b>	9	-	-	-	10,788	11,324	11,324	11,324	18,566	19,884	21,375